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IN THE

Supreme Court of the United States

OCTOBER TERM, 1978

No. 78-1027

ILLINOIS HOSPITAL & HEALTH SERVICES, INC.,

Petitioner,

vs.

DOUGLAS R. AURAND, Winnebago County Treasurer and County Collector,

Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE SUPREME COURT OF ILLINOIS

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TABLE OF CONTENTS

PAGE

TABLE OF AUTHORITIES ii

OPINIONS BELOW 2

JURISDICTION 2

QUESTION INVOLVED 3

STATEMENT OF THE CASE 3

REASONS FOR GRANTING THE WRIT:

A.

The Decision Of The Illinois Appellate Court Affirmed Without Any Opinion By The Illinois Supreme Court Is Repugnant To The Laws Of The United States, Specifically, 26 U.S.C. §501 (a)(c)(3)(4) 4

B.

The Independent Non-Federal Ground Upon Which The Illinois Appellate Court Attempts To Base A Decision Is Without Any Fair Or Substantial Support 4

CONCLUSION 9

APPENDICES:

A—Denial by Supreme Court of the State of Illinois of Petition for Leave to Appeal 1a

B—Opinion of the Appellate Court of Illinois, Second Judicial District 2a

C—Article 9, §6 of the Illinois Constitution of 1970 .. 12a

D—Title 26, U.S.C. §501 (a)(c)(3)(4) 12a

E—Chapter 32, Ill. Rev. Stat. 1975, §621 ..... 13a

TABLE OF AUTHORITIES

Cases

Associated Hospital Services, Inc. v. Milwaukee, 13 Wisc. 2d 447, 109 N.W. 2nd 271 7

Cleveland Hospital Services v. Ebright, 70 Ohio App. 57, 45 N.E. 2nd 157 (1942) 8

Liveoak Water Users Association v. Railroad Commission of the State of California, 46 S.Ct. 149, 269 U.S. 354 5

National Association for Advancement of Colored People v. State of Alabama, ex rel. Patterson, 357 U.S. 449, 78 S.Ct. 1163 5

Rueda v. Union Pacific Railroad, 175 P. 2nd 778 at 793 .. 8

Simon v. Eastern Kentucky Welfare Rights Organization, 426 U.S. 26, 96 S.Ct. 1917, 506 F. 2d 1278 ..... 5, 6

Statutes

26 U.S.C. §501 (a)(c)(3)(4) 2, 3, 4

Chapter 32, Ill. Rev. Stat. (1977), §621 ..... 3, 13a

Article 9, §6, Ill. Constitution of 1970 2

28 U.S.C. §1257 (3) 2

Chapter 32, Ill. Rev. Stat. (1961), §595, et seq. 3

Regulations Of Internal Revenue Service

Revenue Ruling 56-185 6

Revised Ruling 69-545, 1969—2 C.B. 117 7

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ILLINOIS HOSPITAL & HEALTH SERVICES, INC.,

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vs.

DOUGLAS R. AURAND, Winnebago County Treasurer and County Collector,

Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE SUPREME COURT OF ILLINOIS

Petitioner, Illinois Hospital & Health Services, Inc., (Rockford Blue Cross), prays that a Writ of Certiorari issue to review the final judgment of the Supreme Court of the State of Illinois entered on September 28, 1978, denying Petitioner's Petition for Leave to Appeal resulting in the affirmance of the opinion of the Appellate Court of Illinois, Second Judicial District, decided on February 9, 1978.

OPINIONS BELOW

The opinion of the Appellate Court of Illinois, Second Judicial District, (Appendix B; 373 N.E.2d 1021), held that Petitioner's office real estate was not used for charitable purposes within the meaning of Article 9, § 6 of the Illinois Constitution and, therefore, subject to real estate taxes, even though Petitioner (Rockford Blue Cross), is organized under the provisions of a Voluntary Health Services Plans Act which provides that such a corporation is a charitable corporation and that its property should be exempt from every state, county, district or municipal tax.

JURISDICTION

The judgment of the Appellate Court of Illinois, Second Judicial District was entered on February 9, 1978, and the denial of Rockford Blue Cross's Petition for Leave to Appeal to the Supreme Court of the State of Illinois was denied on September 28, 1978. The jurisdiction of this Court is evoked under 28 U.S.C. 1257(3), for the reason that the decision of the Illinois Appellate Court directly contravenes and is repugnant to the provisions of 26 U.S.C. § 501(a)(c)(3)(4) and consequent rules and regulations of the Internal Revenue Service.

QUESTION PRESENTED

Is the Illinois Appellate Court ruling (affirmed without decision by the Illinois Supreme Court) that Rockford Blue Cross, which finances the promotion and provision of health care to the public, is not a charitable corporation under the Illinois Constitution and, therefore, not exempt from real estate taxation, directly repugnant to 26 U.S.C. § 501(a)(c)(3)(4) and the resulting Internal Revenue Service rules and regulations?

STATEMENT OF CASE

Petitioner, Illinois Hospital & Health Services, Inc., a not-for-profit corporation (hereinafter referred to as Rockford Blue Cross), brought this action to enjoin the Winnebago County, Illinois Treasurer from collecting real estate taxes for 1974 and future years. Rockford Blue Cross is a voluntary health services corporation organized under the Voluntary Health Services Plans Act (Ill. Rev. Stat. 1961, Chapter 32, ¶ 595, et seq.). Petitioner was exempted from the payment of real estate taxes until the first assessment was attempted in 1974. The Property Tax Division of the State of Illinois exempted the real estate and personal property of Petitioner from payment of taxes since 1961. The United States Treasury Department, likewise, has exempted Rockford Blue Cross from the payment of income taxes in accord with Title 26 U.S.C. § 501(a)(c)(3)(4).

Subsequently, the Circuit Court of Winnebago County, Illinois, issued a permanent injunction restraining the Respondent, Douglas R. Aurand, (Winnebago County Treasurer and County Collector) from collecting taxes in 1974 and future years. The Appellate Court of Illinois, Second Judicial District, reversed the decision of the Circuit Court of Winnebago County, Illinois, and held that Petitioner was not organized under the Voluntary Health Services Plans Act for charitable purposes and, therefore, was not entitled to have its real estate exempt from taxation.

The Supreme Court of Illinois denied Petitioner's Petition for Appeal as a Matter of Right or in the Alternative for Leave to Appeal.

REASONS FOR GRANTING THE WRIT

The Supreme Court of the United States has jurisdiction in this case for two reasons:

1) Because the decision of the Appellate Court of Illinois, Second Judicial District, (affirmed without opinion by the Illinois Supreme Court) is repugnant to the laws of the United States, specifically, 26 U.S.C. § 501(a)(c)(3)(4);

2) Because the independent non-federal ground upon which the Illinois Appellate Court, Second Judicial District, attempted to base its decision is without any fair or substantial support.

The Illinois Appellate Court decision (affirmed without opinion by the Illinois Supreme Court) is contrary to Title 26, U.S.C. § 501(a)(c)(3)(4) and contrary to the rules and regulations issued by the Internal Revenue Service.

This Supreme Court has held that if a decision of a State Court is repugnant to the laws of the United States, it will take jurisdiction to review by Writ of Error that judgment of the State Court. *Liveoak Water Users Association v. Railroad Commission of the State of California*, 46 S.Ct. 149, 269 U.S. 354.

On the one hand we have the Illinois Appellate Court holding that a Blue Cross organization which promotes health care is not a charitable corporation and, therefore, not tax exempt, while on the other hand, there is a United States Statute, which specifically exempts corporations operated for charitable purposes or exclusively for social welfare from taxation.

Section 501 *et seq.* of the United States Code specifically exempts corporations operated exclusively for charitable purposes and also organizations not organized for profit, but operated exclusively for the social welfare.

The Illinois Appellate Court's decision, while resting on independent non-federal grounds, does reach a decision which is not supported by any fair or substantial grounds. In the *National Association for Advancement of Colored People v. State of Alabama, ex rel. Patterson*, 357 U.S. 449, 78 S.Ct. 1163, it was held that the Supreme Court must ascertain in order that constitutional guarantees may appropriately be enforced whether the asserted non-federal ground independently and adequately supports the judgment.

The Supreme Court of the United States in *Simon v. Eastern Kentucky Welfare Rights Organization*, 426 U.S. 26, 96 S.Ct. 1917, recognized that hospitals are exempt as a charitable corporation and also indirectly recognized that organizations which promote health are

charitable in nature when it said in a footnote on Page 1921 of the Supreme Court Reporter:

> "In reaching this conclusion (referring to ruling exempting hospitals) (parenthesis ours), the Internal Revenue Service cited the law of trusts for the premise that promotion of health was a 'charitable' purpose provided only that the class of direct beneficiaries was sufficiently large that its receipt of health services could be said to benefit the community as a whole. See Restatement (Second) of Trusts §§ 368, 372 (1959); 4 A. Scott, Law of Trusts §§ 368, 372 (3d ed. 1967). The IRS then applied that premise to Hospital A and concluded that by maintaining an open emergency room and providing hospital care to all persons able to pay, either directly or through insurance, the hospital served a large enough class to qualify as charitable".

Indeed, the Circuit Court of Appeals for the D.C. Circuit, in the same case, 506 F. 2d 1278, prior to the case reaching the Supreme Court, stated:

> "In the field of health care, the changes have been dramatic. Hospitals in the early part of this nation's history were almshouses supported by philanthropy and serving almost exclusively the sick poor. Today, hospitals are the primary community health facility for both rich and poor. Philanthropy accounts for only a minute percentage of the hospital's total operating costs. Those costs have soared in medical science and technology. The institution of Medicare and Medicaid in the last decade combined with the rapid growth of medical and hospital insurance has greatly reduced the number of poor people requiring free or below cost hospital services. Much of that decrease has been realized since the promulgation of Revenue Ruling 56-185. Moreover, increasingly counties and other political subdivisions are providing nonemergency hospitalization and medical care for those unable to pay. Thus, it appears that the rationale upon which the limited definition

> of 'charitable' was predicated has largely disappeared. To continue to base the 'charitable' status of a hospital strictly on the relief it provides for the poor fails to account for these major changes in the area of health care". 117

Further, the Internal Revenue Service in revised ruling 69-545, 1969—2 C.B. 117, stated specifically that the promotion of health is considered to be a charitable purpose.

In the instant case, Rockford Blue Cross is engaged in the promotion of health, which is charitable. It is a nonprofit organization under the laws of the State of Illinois, which specifically state that it is charitable in nature and that its real property should be exempt from taxation. No profits inure to the benefit of any individual. Its Board of Directors is composed of volunteer, community minded individuals from the Rockford, Illinois area representing not only the health industry, but also business, industrial, labor and professional and consumer groups. Simply because Rockford Blue Cross is reimbursed for its costs does not result in the conclusion that it is not "promoting health" within the charitable meaning.

The true standard of a charitable organization, therefore, is not whether it gives alms to the destitute as our Illinois Court has misapprehended, but whether it promotes the welldoing and wellbeing of society.

There are only two other jurisdictions which have ruled on the issue of the exemption of voluntary health services corporations from taxation. In the case of *Associated Hospital Services, Inc. v. Milwaukee*, 13 Wisc. 2d 447, 109 N.W.2nd, 271, the Court held that a Blue Cross organization was exempt from taxation of real and personal property taxes by the City of Milwaukee,

although charges for its services were paid by its subscribers, income therefrom exeeded the amounts disbursed to participating and service hospitals and the surplus was invested to produce further income. The Wisconsin Supreme Court pointed out that a hospital service corporation should build up reasonable reserves to guard against the contingencies of further claims. In the instant case, Mr. Kenneth Clark, President of Petitioner, testified (A. 30) that there is a contingency reserve required by law and that the Department of Insurance of the State of Illinois will not permit the reserve to be used for any other purposes than the payment of claims. The Wisconsin Supreme Court pointed out that the definitions of charitable and benevolent institutions do not necessarily mean they have to give away something free. It cited the case of *Rueda v. Union Pacific Railroad*, 175 P 2nd 778 at 793 where the court said,

> "The test which determines whether such an enterprise is charitable or otherwise is its purpose. If its purpose is to make profit, it is not a charitable enterprise. If it is to heal the sick and relieve the suffering, without hope or purpose of getting gain from its operation, it is charitable. Tried by this test, the hospitals and medical department of this company are a great public charity."

In this case the Wisconsin court noted that "without the coming and wide use of Blue Cross coverage the financial burden of the municipalities in providing hospital care for indigents would be greater than it is now."

In *Cleveland Hospital Service Association v. Ebright*, 70 Ohio App. 57, 45 N.E.2nd 157 (1942), the statute exempting voluntary health service corporations provided, "every corporation subject to the provisions of this act is

hereby declared to be a charitable and benevolent institution, and its funds and property shall be exempt from taxation." The Ohio court upheld the exemption from taxation of the Ohio voluntary health services corporation.

CONCLUSION

For the foregoing reasons, it is urged that this Petition for Writ of Certiorari be granted.

Respectfully submitted,

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APPENDIX A

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September 28, 1978

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No. 50723—Illinois Hospital & Health Services, Inc., petitioner, vs. Douglas R. Aurand, Winnebago County Treasurer, etc., respondent. Leave to appeal, Appellate Court, Second District.

The Supreme Court today denied the petition for leave to appeal in the above entitled cause.

Very truly yours,

Clerk of the Supreme Court

APPENDIX B

Opinion Of The Appellate Court Of Illinois

MR. JUSTICE GUILD delivered the opinion of the Court:

Illinois Hospital and Health Service, Inc., a not-for-profit corporation, (hereinafter referred to as the "Corporation") brought this action to enjoin the Winnebago County Treasurer from collecting real estate taxes for 1974 and future years. At this point it is to be observed that the corporation is, in effect, the Rockford Blue Cross. The real estate involved is, apparently, the office building located at 227 N. Wyman Street in Rockford. In the testimony, exhibits and briefs of the parties the Corporation is variously described as "Rockford Blue Cross" or "Illinois Hospital and Health Service, Inc.". After a hearing on the amended petition the court issued a permanent injunction against the defendant from collecting real estate taxes for 1974 and future years. Douglas R. Aurand, the Winnebago County Treasurer, (hereinafter referred to as the "County Treasurer") appeals.

The issues presented are: (1) whether the corporation is a charitable and benevolent organization within the meaning of the pertinent statutory provisions and the constitution of the State of Illinois; (2) whether section 27 of the Voluntary Health Services Plans Act (Ill.Rev. Stat. 1975, ch. 32, § 621) is an unconstitutional usurpation of a function of the judiciary; (3) whether the corporation, after appearing before the Board of Review of Winnebago County and protesting the denial of its exemption and return to the tax rolls, should have pursued its administrative remedies by an appeal under

the Administrative Review Act and whether that remedy was exclusive; and (4) whether the trial court erred in considering the county court order of May 28, 1963 enjoining the collection of personal property taxes for 1962 and subsequent years.

The corporation was initally organized as a non-profit Hospital Service Corporation (Ill.Rev.Stat. 1935, ch. 32, par. 551, et seq.) in 1939, but received a new charter under the Voluntary Health Services Plans Act (Ill. Rev.Stat.1961, ch. 32, par. 595, et seq.) in 1961. It enjoyed a real estate tax exemption under the provisions of the *latter* Act until 1974. The property tax division of the State of Illinois has exempted the subject property and the personal property of the corporation from payment of taxes and has continued that exemption. The U.S. Treasury Department likewise, has exempted the corporation from income taxes. Certificates of Status of Exempt Property were filed for the years 1973 through 1976 by the corporation.

Gerald Simonds, the Rockford Township Assessor, testified that sometime during the summer of 1974 he discovered that the corporation was tax exempt. He further testified that he had sold insurance and had lost a group policy to Blue Cross and determined that the property should be returned to the tax rolls. On October 30, 1974 the Board of Review notified the corporation that the real estate had been returned to the tax rolls and that if it wanted a hearing to contact the Board of Review of Winnebago County. On November 5, 1974 the corporation requested a hearing before the Board of Review and that hearing was held on November 20, 1974. On March 12, 1975 the Board of Review advised the corporation that the Board had made a final decision that the real estate be assessed for real estate taxes for

the year 1974. Thereafter, taxes were assessed for the year 1974.

In the case before us we are faced with the consideration of Article IX, section 6 of the Illinois Constitution of 1970, which states:

> "The General Assembly by law may exempt from taxation only the property of the State, units of local government and school districts and property used exclusively for agricultural and horticultural societies, and for school, religious, cemetery and charitable purposes. The General Assembly by law may grant homestead exemptions or rent credits."

and the application of that constitutional provision to Ill.Rev.Stat. 1975, chapter 32, § 621, which reads:

> "Health services plan corporations organized under this Act shall be operated and conducted not-for-profit and shall be governed by the provisions of the 'General Not for Profit Corporation Act', approved July 17, 1943, as amended, to such extent as the same may be applicable and not inconsistent with this Act. Every corporation organized hereunder is declared to be a charitable and benevolent corporation, and all of its funds and property shall be exempt from every State, county, district, municipal and school tax or assessment, and all other taxes and license fees, from the payment of which charitable and benevolent corporations or institutions are now or may hereafter be exempt."

The trial court, in enjoining the collection of the real estate taxes herein, in a memorandum opinion, relied upon *Rotary International v. Paschen* (1958), 14 Ill.2d 480, 153 N.E.2d 4, and in so doing found that the legislature determined that such an organization or association was organized for charitable purposes as it would, to some extent, relieve the burden of the State in caring for and advancing the interests of its citizens. *Rotary International* involved only the construction and

application of the provisions of Ill.Rev.Stat. 1955, ch 120, § 500(7), in which the legislature declared all property of institutions of public charity, including old people's homes when operated under the auspices of a religious, fraternal, charitable or other non-profit organization, is exempt from taxation. The Rotary International case involved the taxation of property located in Evanston which was the headquarters of Rotary International. The court found that the various clubs belonging to Rotary International were in fact engaged in many charitable endeavors. However, in substance, the court determined that the Rotary International building must be actually and exclusively used for charitable or beneficent purposes and that, "It is, therefore, incumbent upon the plaintiff to show clearly that its organization and the use of its property come within the provisions of the statute and section 3 of article IX of the [1870] constitution of the State, as charitable." *Rotary International, supra*, 14 Ill.2d at 487, 153 N.E.2d at 8. The court determined that its income was not derived from public or private charity in any way but from per capita assessments on the individual members and interest on investments, fees and sale of publications and supplies. The court further stated that in determining whether an organization was charitable or not that it was proper to consider the provision of its charter, concluding that:

> "We find nothing in plaintiff's charter which requires it to devote its funds to purposes which will necessarily relieve, even to a slight extent, the burden upon the State." 14 Ill.2d at 489, 153 N.E.2d at 9.

The court thereupon reversed the trial court's injunction restraining the collection of taxes on the real estate in question. We do not find that *Rotary International* supports the finding of the trial court herein.

It can readily be seen that with the exception of the named exemptions in Article IX, section 6, of the Illinois Constitution, we are limited to those properties used for "charitable purposes." The legislature has, by statute, specifically provided that an organization such as the not-for-profit corporation herein, is declared to be a charitable and benevolent corporation. The County Treasurer argues that the legislature in exempting such organizations is usurping the function of the judiciary. The corporation's main argument is that the legislature may determine what is a charitable and benevolent corporation and that it is not for the judiciary to re-write legislation. We do not agree. It has been repeatedly held that regardless of what the legislature declares to be exempt by statute, the courts of this state are empowered to determine whether an organization is a charitable organization within the meaning of the above quoted constitutional provision. In *Small v. Pangle* (1975), 60 Ill.2d 510, 516, 328 N.E.2d 285, 288, our Supreme Court stated:

> "We reiterated that the association must further comply unequivocally with the constitutional requirement of exclusive charitable use and that that determination is a judicial function, which may not be usurped by the legislature."

See also, People ex rel. Nordland v. Home for the Aged (1968), 40 Ill.2d 91, 237 N.E.2d 533; *Mac Murray College v. Wright* (1967), 38 Ill.2d 272, 230 N.E.2d 846; *Locust Grove Cemetery Assn. v. Rose* (1959), 16 Ill.2d 132, 156 N.E.2d 577.

In further support of its contention as to tax exemption, the corporation has cited *Associated Hospital Service Inc. v. Milwaukee* (1961), 13 Wis. 447, 109 N.W.2d 271; and *Cleveland Hospital Service Assn. v. Ebright* (1942), 70 Ohio App. 57, 45 N.E.2d 157, *Aff'd* 1943, 142 Ohio St. 51, 49 N.E.2d 929.

In *Associated Hospital Service, supra,* we find an excellent summary of the history of legislation in various states relating to the exemption of Blue Cross property. It appears that the Blue Cross movement originated in the plan of Baylor University Hospital in Dallas, Texas in 1929. The experiment was successful and spread to other states. Enabling legislation was enacted by the New York Legislature in 1934. The American Hospital Association was instrumental in promoting such Blue Cross enabling acts. Its Council on Hospital Service Plans drafted and distributed a model enabling act which was subsequently adopted by a considerable number of states, and was adopted in Illinois in 1935. The provision for tax exempt status in the model act was substantially the same as such provision found in section 27 of our Voluntary Health Services Plans Act, to-wit:

> "Every corporation subject to the provisions of this act is hereby declared to be a charitable and benevolent institution, and its funds, operations and properties shall be exempt from taxation." 109 N.W.2d at 275.

The Wisconsin Supreme Court found that there was no constitutional limitation upon the legislature in exempting such non-profit hospital service plans as a "charitable and benevolent institution" and went on to state that,

> "The legislature, if it had seen fit to do so, simply could have granted tax exemption to the property of the non-profit hospital service corporations without labeling them as 'charitable and benevolent'." 13 Wis. at ..... , 109 N.W.2d at 278.

Likewise in *Cleveland Hospital Service Assn. v. Ebright* (1943) 142 Ohio St. 51, ... , 49 N.E.2d 929, 931, the Supreme Court of Ohio stated:

> "The state has the undoubted authority to determine the manner in which domestic corporations

shall be taxed and, if it chooses, it may relieve some corporations from certain taxes which corporations of a "different character are required to pay, or substitute a different form of taxation, provided, however, such method of taxation is in accordance with the provisions of the Constitution."

Finding no constitutional limitation upon the legislature in exempting the voluntary hospital corporations, the Ohio Supreme Court upheld the tax exemption.

These two cases are not applicable or controlling in the instant case. As we have stated, the Illinois constitutional limitation is found in Article IX, section 6 and a similar constitutional limitation was not an issue in either the Wisconsin or Ohio cases.

We turn then to the record as to what evidence was presented herein as to the charitable nature of the corporation. The following colloquy is found:

"Q Now, the funds of the corporation are strictly derived from premiums and either the group insurance or individuals pay these premiums.
A That's right.
Q Have you ever insured any individual without securing any premiums?
Mr. Hickey: That's objected to. Do you mean, Bill, by the subscriber paying premiums?
Mr. Gates: I am trying to — they are a charitable institution and all their property is exempt. I want to find out what charitable charity they dispense, if any, to the public.
The Court: I'll overrule the objection.
A Not to my knowledge.
Q Have you ever insured any group or issued any group insurance where they did not pay the premiums?
A We may run into a delinquent—
Q Answer yes or no.
A No, we have not.

Q Now, those individuals which pay premiums for insurance coverage, if they become destitute and cannot pay the premiums, do you keep on insuring them?
Mr. Hickey: Objection, Your Honor.
The Court: I'll overrule that objection.
A No, we do not.
Q If they did not pay the premium, you would cancel their insurance policy, is that right?
A If the group does not pay and the bulk of our business is written on a group basis, the individual within that group is given the opportunity of continuing by paying direct to the office. There has been some cases where a company has decided to terminate.
Q I assume the answer is no.
A Well, what I am saying, we don't cancel them out without giving them the opportunity to continue.
Q But to continue, a premium has to be paid to the corporation.
A That's right.
Q And any individual, if they do not pay the premium, you cancel their insurance out. Any individual who cannot pay the premium, you cancel their premiums out.
A That's correct.
Q Can you cite any instances to this Court where the corporation has performed any charitable acts?
Mr. Hickey: I am going to object to that. What is a charitable act? That's why I object to it.
Mr. Gates: They don't do anything for free, I think we have established that.
Mr. Hickey: If you are referring to like the Community Chest — is that what you are saying?
Mr. Gates: No, that's not what I am saying. I want to know what they do, if they carry them as destitute people.
The Court: I think the record shows that does not happen. You cancel their insurance, right?
A That's correct, sir."

It can thus be seen that this corporation, laudable and desirable as it may be, is for the benefit of those members who make their payments. If they do not pay they are dropped from the rolls. No provision is found under this plan whereby any charity is dispensed to those members who do not pay, or to any destitute member of society in general.

As in *Paschen, supra*, we have examined the charter of the corporation here as a means of determining whether or not the corporation is, in fact, charitable in purpose. We find nothing in the charter which would so indicate. The purpose of this corporation is to operate a voluntary health services plan. It has repeatedly been stated that the burden of proving the right to exemption is upon the party seeking exemption and all debatable questions are resolved in favor of taxation. *(People ex rel. Nordland v. Home for the Aged, supra; Kiwanis International v. Lorenz* (1961) 23 Ill.2d 141, 177 N.E.2d 220; *People v. Young Men's Christian Assn.* (1937), 365 Ill. 118, 6 N.E.2d 166.) The corporation contends that inasmuch as the charter provides that upon possible dissolution any surplus shall be donated to a charitable, benevolent or educational organization that this is an indicia of the charitable nature of the corporation. We find that alone to be insufficient evidence of a charitable purpose.

The corporation herein was organized and came within the applicable statute relating to its organization. In order to be entitled to tax exemption, however, a corporation must comply with the constitutional requirement of "charitable purposes." Such a determination must be made from the facts presented. *(Methodist Old People's Home v. Korzen* (1968), 39 Ill.2d 149, 156, 233 N.E.2d 537, 541; *People ex rel. Goodman v. University of Illinois Foundation* (1944) 388 Ill. 363, 370,

58 N.E.2d 33, 37.) Additionally, the ordinary charitable corporation, in addition to not having capital, capital stock or shareholders, and not earning profits or dividends, ordinarily derives its funds from public and private charity. The mere fact that an organization may charge those able to pay for the use of or services of the corporation does not make such an organization "non charitable" where it does furnish such facilities or services to those unable to pay. *See: People v. Y.M.C.A., supra; Sisters of the Third Order of St. Francis v. Board of Review* (1907), 231 Ill. 317, 83 N.E. 272.

From an examination of the record we find no evidence that the corporation herein is organized for, or operated under, a charitable purpose as defined in Article IX, section 6 of the 1970 Illinois Constitution. We further find no authority for the legislature to exempt a non-for-profit corporation organized under the Voluntary Health Services Plans Act unless the same is an operation for charitable purposes as required in Article IX, section 6 of the Illinois Constitution.

For the reasons stated above, we hold that the plaintiff's property herein is not used for charitable purposes within the meaning of Article IX, section 6 of the Illinois Constitution and is therefore not entitled to exemption from tax, notwithstanding the provisions of the Voluntary Health Services Plans Act. In view of our decision herein it is unnecessary to consider the other contentions of the appellant, County Treasurer. The order of the trial court herein is reversed and the cause is remanded, with directions to dissolve the injunction restraining the collection of taxes.

REVERSED AND REMANDED WITH DIRECTIONS.

WOODWARD and RECHENMACHER, JJ. CONCUR.

APPENDIX C

Article 9, Section 6, of the Illinois Constitution of 1970:

"The General Assembly by law may exempt from taxation only the property of the State, units of local government and school districts and property used exclusively for agricultural and horticultural socities, and for school, religious, cemetery and charitable purposes. The General Assembly by law may grant homestead exemptions or rent credits".

APPENDIX D

26 U.S.C. § 501(a)(c)(3)(4)

(a) Exemption from taxation—An organization described in subsection (c) or (d) or section 401(a) shall be exempt from taxation under this subtitle unless such exemption is denied under section 502, 503, or 504.

(c) List of exempt organizations—The following organizations are referred to in subsection (a):

(3) Corporations, and any community chest, fund or foundation, organized and operated exclusively for religious,, charitable, scientific, testing for public safety, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting to influence legislation, and which does not participate in, or intervene in, (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office.

(4) Civil leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare, or local associations of employees, the membership of which is limited to the employees of a designated person or persons in a particular municipality, and the net earnings of which are devoted exclusively to charitable, educational, or recreational purposes.

APPENDIX E

Ill. Rev. Stat. 1975, Chapter 32, ¶621:

"Health services plan corporations organized under this Act shall be operated and conducted not-for-profit and shall be governed by the provisions of the 'General Not for Profit Corporation Act', approved July 17, 1943, as amended, to such extent as the same may be applicable and not inconsistent with this Act. Every corporation organized hereunder is declared to be a charitable and benevolent corporation, and all of its funds and property shall be exempt from every State, county, district, municipal and school tax or assessment, and all other taxes and license fees, from the payment of which charitable and benevolent corporations or institutions are now or may hereafter be exempt".